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SUBJECT: PORTUGAL PHARMACEUTICAL COMPANIES PLAN ROUNDTABLE
MEETING

REF: LISBON 552

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SUMMARY

1. (SBU) The Local American Working Group (LAWG) of the Pharmaceutical Association in Portugal hosted a November 10 meeting with diplomatic and company representatives to present the results of a recent market survey of pharmaceutical companies and to recount a recent LAWG meeting with Basilio Horta of the Portuguese Agency for Investment (AICEP). The survey results reveal modest industry growth and investment in Portugal, and Horta is reportedly interested in industry suggestions for increased investment and offered to arrange an industry roundtable meeting with the Ministries of Economy and Health and AICEP in December or January. End summary.

2. (SBU) On November 10 the Charge d'Affaires, Senior Commercial Officer, and Poleconoff attended a meeting organized by the Local American Working Group (LAWG) of the Pharmaceutical Association in Portugal. Also in attendance were: UK Ambassador Ellis, Swiss Ambassador Shaller, and German Econ Counselor Deichmann. There were also company representatives from Abbott Labs (U.S.), Amgen (U.S.), Janssen-Cilag (U.S.), Merck Sharp & Dohme (U.S.), Eli Lilly (U.S.), AstraZeneca (U.K.), GlaxoSmithKline (U.K.), Novartis (Switzerland), Boehringer Ingelheim (Germany), and Aventis (France). This meeting followed up on issues discussed in the September 24 meeting (reftel).

SURVEY SHOWS SOME INVESTMENT AND GROWTH BUT ROOM FOR MORE

3. (SBU) Since the September 24 meeting, LAWG surveyed pharmaceutical companies about their investments in Portugal, which total approximately 34 million euros. Licenses, research and development partnerships, and grants all showed flat to slightly increasing activity over the last 3 years, and industry exports grew about 20 percent over the period. Clinical trials have declined -- respondents said Portugal produces very good data, but the slow GOP bureaucracy discourages additional activity.

4. (SBU) The survey revealed that seven pharmaceutical companies have shuttered manufacturing operations in Portugal since 1995, but the reasons for the closures were not given. The LAWG survey also highlighted movement of "shared services" (e.g., information technology, support services) to other countries. (Note: Diplomatic attendees commented that these globalization issues are the same in other countries, where manufacturing and backoffice services are moving to regions with lower wages.)

¶5. (SBU) Respondents suggested several opportunities for additional investment in Portugal if market conditions improved, including formation of a national epidemiology center, research and development seminars and funds, increased university linkages, and more clinical trials.

INVESTMENT HEAD TO ASSIST WITH GOVERNMENT ROUNDTABLE

¶6. (SBU) Julie Brown of AstraZeneca said the survey results were recently shared with Basilio Horta of AICEP. Horta was very interested in the results, particularly the benefits of increased pharmaceutical investment in the Portuguese economy, and offered to help schedule a joint meeting for the pharmaceutical companies with the Ministries of Economy and Health and AICEP, preferably in December or January. Brown said Horta believes it is critical that the industry state their case to these ministries soon while new post-election policies are still being formed.

¶7. (SBU) Diplomatic attendees noted that Horta did not include the Ministry of Justice in his roundtable offer. Ambassador Ellis opined that Horta recognizes that judicial reforms required to improve intellectual property rights enforcement in Portugal are too large to be addressed in a GOP/pharmaceutical industry roundtable. All attendees agreed that movement on GOP pricing policies, pharmaceutical reimbursement delays, and opaque revenue caps were more attainable near-term targets.

¶8. (SBU) The diplomatic attendees urged the companies to take Horta up on his offer and schedule the meeting. There was considerable debate about diplomatic participation at the meeting, with a final consensus that diplomatic representatives could attend if invited and participate as appropriate.

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COMMENT

¶9. (SBU) LAWG is slowly moving toward the direct engagement with the GOP that post has long advocated. The group's hesitancy and constant need for reassurance and input from the diplomatic community is baffling, but the increased pace of activity toward a meeting with the GOP is a positive sign. Post will continue to support the LAWG's efforts and report future progress.

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<http://www.intelink.sgov.gov/wiki/portal:portugal>
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